



State of Idaho

Legislative Services Office

Management Report

A communication to the Joint Finance-Appropriations Committee

DEPARTMENT OF ADMINISTRATION

FY 2008

Report IC20008
Date Issued: October 19, 2009

Serving Idaho's Citizen Legislature



Don H. Berg, Manager

**Idaho Legislative Services Office
Legislative Audits Division**

DEPARTMENT OF ADMINISTRATION

SUMMARY

PURPOSE OF MANAGEMENT REVIEW

We conducted a management review of the Department of Administration covering the fiscal year ended June 30, 2008. Our review covered general administrative procedures and accounting controls within the Division of Purchasing.

The intent of this review was not to express an opinion, but to provide general assurance on processes and procedures, and to raise the awareness of management and others of any conditions and control weaknesses that may exist and offer recommendations for improvement.

CONCLUSION

We did not identify any significant conditions or weaknesses in the general process and accounting controls within the Division of Purchasing.

FINDINGS AND RECOMMENDATIONS

There are no findings and recommendations in this report.

PRIOR FINDINGS AND RECOMMENDATIONS

The prior management review for the fiscal years ended June 30, 2005, 2006, and 2007, contained one finding with ten parts relating to the Capitol Mall parking program. These issues were evaluated in the 90-day follow-up report issued in December 2008 and were further evaluated as part of this audit. Seven of the ten parts of this audit finding have been closed; the three other parts are in process pending approval of proposed administrative rules during the 2010 legislative session.

A copy of this report is available at <http://www.legislature.idaho.gov/audit> or by calling 208-334-4832.

AGENCY RESPONSE

The Department has reviewed the report and is in general agreement with its contents.

FINANCIAL INFORMATION

The following financial data is for informational purposes only.

DEPARTMENT OF ADMINISTRATION – FISCAL YEAR 2008

Fund	Title	July 1, 2007	Receipts and Transfers In	Disbursements and Transfers Out	June 20, 2008
		Beginning Cash or Appropriation			Ending Cash or Appropriation
0001	General Fund*	\$9,264,130	\$4,231	\$8,941,890	\$326,471
0125	Indirect Cost Recovery	200,680	1,246,692	1,171,149	276,223
0150	Budget Stabilization	161,374	367	161,374	367
0275	Idaho Emergency Communications Fund	203,629	0	203,629	0
0348	Federal Grant	2,000	4,826	5,877	949
0365	Permanent Building Fund	191,121,131	186,835,927	193,242,096	184,714,962
0366	Governor's Residence Fund	48,298	562,509	167,299	443,508
0450	Administration and Accounting Services	5,215,952	17,569,791	19,557,489	3,228,254
0456	Surplus Property Revolving Fund	44,279	858,541	871,917	30,903
0461	Group Insurance	74,854,129	190,647,600	198,843,704	66,658,025
0462	Risk Management	2,615,095	8,679,229	5,607,437	5,686,887
0475	Professional Services	381,324	559,537	503,451	437,410
0481	Endowment Earnings	5,547,595	854,842	357,686	6,044,751
0519	Special Indemnity Fund	869,919	4,927,156	4,344,436	1,452,639
	Totals	<u>\$290,529,535</u>	<u>\$412,751,248</u>	<u>\$433,979,434</u>	<u>\$269,301,349</u>

*The FY 2008 ending balance consists of a \$213,210 encumbrance and \$113,261 that reverted back to the State General Fund, of which, \$109,030 was a prior year reappropriation that was not used.

This report is intended solely for the information and use of the State of Idaho and the Department of Administration and is not intended to be used by anyone other than these specified parties.

We appreciate the cooperation and assistance given to us by the director, Mike Gwartney, and his staff.

ASSIGNED STAFF

Eugene Sparks, CPA, CGFM, Managing Auditor

Kathleen Watkins, CPA, In-Charge Auditor

Shannon Thomas, Staff Auditor

Brinton Croff, CICA, Staff Auditor

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AGENCY RESPONSE



State of Idaho
Department of Administration

C.L. "BUTCH" OTTER
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Chief Financial Officer

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September 29, 2009

Kathleen Watkins, CPA
Legislative Auditor's Office
Statehouse Mail

Dear Kathleen:

Thank you for the diligent work your office did on the FY08 audit which focused on the Division of Purchasing. We have reviewed the audit and accept it as presented.

It was a pleasure working with Shannon as he reviewed our procurement processes. Our department, as well as the taxpayers of Idaho, benefit from these efforts to streamline and improve the operations of state government.

Sincerely,

A handwritten signature in cursive script that reads "Connie Smith".

Connie Smith, CFO
Department of Administration

cc: Mike Gwartney, Director

APPENDIX

HISTORY

Created in 1967 and enabled by Idaho Code Title 67, Chapter 57, the Department is organized into four divisions: The Divisions of Insurance and Internal Support, Purchasing, Public Works, and the Office of the Chief Information Officer. It also staffs the Idaho Capitol Commission, the Governor's Housing Committee, the Information Technology Resource Management Council, and the Permanent Building Fund Advisory Council.

In the Boise area, the Department is housed in three separate locations on the Capitol Mall, and at three facilities outside the Capitol Mall. The Division of Public Works has satellite offices in Idaho Falls, Lewiston, Moscow, and Pocatello. Facilities Services manages the two State office buildings in Idaho Falls and Lewiston.

STATUTORY AUTHORITY

Idaho Code Sections:

67-5705	Public Works
67-5710	Permanent Building Fund Advisory Council
67-5714	Purchasing
67-5745	Information Technology Resource Management Council
67-5746	Inventory Chattel Property
67-5747	Office of the Chief Information Officer
67-5749	Central Postal System
67-5751	Records Management
67-5760	Insurance Management
67-5773	Risk Management

PURPOSE

The purpose of the Department of Administration is to provide administrative, technical, and support services to State agencies. It is a client-oriented organization dedicated to providing quality, cost-effective, administrative, technical, and support services to agencies, policymakers, and other public entities.

ORGANIZATION

The Department is organized as follows:

Division of Insurance and Internal Support provides administrative, fiscal, and human resource services to the Department. It also administers the bond payments program, which consolidates within a single program, funds to pay for capital projects financed with bonds sold by the Idaho State Building Authority. The Division includes the following:

- **The Office of Administrative Rules** structures, promulgates, and disseminates all administrative rules subject to the Idaho Administrative Procedures Act.
- **The Office of Group Insurance** negotiates and administers employee group insurance programs, including medical, dental, life, and disability coverages. It administers the integrated behavioral health plan, which provides short-term counseling and long-term prescribed care for mental health and substance abuse benefits.
- **The Risk Management Program** provides property and casualty insurance products using a blend of insurance and self-insurance. It manages the settlement of self-insured

claims and provides assistance in identifying potential risks and procedures to minimize those risks.

- **The Industrial Special Indemnity Fund** adjudicates claims for total and permanent disability as a result of an employee suffering a second injury in the workplace. It protects the employer who has been encouraged to hire employees with pre-existing conditions.

Division of Purchasing supports State agencies with purchasing requirements through the lease or purchase of goods, services, parts, supplies, and equipment. It ensures that agencies obtain quality and cost-efficient goods and services. The Division includes the following:

- **Central Postal Services** provides U.S. Postal Service bound pick-up and delivery twice daily, handles ground/air express, and pre-sorts items. It provides folding, inserting, and metering services, and distribution of Statehouse Mail.
- **Document Management** offers reproduction services at the Copy Center, as well as workshops and assistance in the procurement of printed materials. It also provides micrographics, records-storage services, and standard forms.
- **Federal Surplus Property Program** assists the U.S. General Services Administration with the donation of federal surplus property to State and local government entities and eligible not-for-profit organizations.

Division of Public Works develops budgets for State buildings and renovation projects. It oversees the selection of architects and engineers, and provides technical review of project plans and specifications. It supervises the bidding process for building and renovation projects, as well as the actual construction according to approved plans and specifications. The Division includes the following:

- **The Leased Space Program** prepares requests for proposals for State-leased office space and negotiates lease rates. It oversees leases for approximately 2.2 million square feet of State-occupied space.
- **Facilities Management Services** provides property management services for approximately 790,000 square feet of occupied State-owned buildings. It provides environmental control systems, building maintenance, custodial, and security services.

Office of the Chief Information Officer

- **Information Technology Enterprise Services** maintains the State portal, manages interagency electronic mail, assists with Web page development, supports small agencies, and coordinates statewide data network and Internet access. It provides wide and local area network support, develops and implements statewide IT security strategies, and coordinates incident response.
- **Telephone Services** installs and configures telephone lines, systems, and services. It administers service contracts, statewide long distance, calling cards, 800 numbers in WAYS, audio conferencing, payphones, and cellular.
- **GIS Service Center** provides GIS application development and integration services.
- **Idaho Education Network** is being developed to provide a statewide, high-speed, education network to meet the needs of K-12.

Information Technology Resource Management Council (ITRMC) reviews and evaluates the information technology and telecommunications systems presently in use by State agencies, and prepares statewide short- and long-range IT and telecommunications plans.

STATE OF IDAHO DEPARTMENT OF ADMINISTRATION

